

Message Text

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FM AMEMBASSY BONN

TO SECSTATE WASHDC 5808

INFO AMEMBASSY NAIROBI

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C O N F I D E N T I A L BONN 16608

E.O. 11652: GDS

TAGS: PFOR, UG, UK

SUBJECT: UGANDAN-BRITISH COMPENSATION NEGOTIATIONS

FRG FOREIGN MINISTRY HAS PROVIDED US WITH FOLLOWING
REPORT FROM FRG EMBASSY KAMPALA:
BEGIN TEXT.

A BRITISH DELEGATION WAS IN KAMPALA DURING THE FIRST
HALF OF SEPTEMBER FOR THE SUBJECT NEGOTIATIONS. NEGO-
TIATOR ON THE UGANDAN SIDE WAS THE COMMISSION FOR THE
VALUATION OF BRITISH AND ASIAN PROPERTY. FINANCE
MINISTER WAKHWEYA AND MINISTER OBOTH-OFUMBI (AS CHAIRMAN
OF THE COMMISSION) WERE ONLY PRESENT AT THE OPENING.
NEGOTIATIONS DID NOT, AS BRITISH DESIRED, COVER
MODALITIES OF PAYMENTS, BUT RATHER WERE LIMITED TO
EVALUATION OF PROPERTY OF 30 TO 40 EXPROPRIATED BRITISH
FIRMS. ACCORDING TO INFORMATION PROVIDED BY HIGH
COMMISSION, BRITISH REGARDED EVALUATIONS TABLED BY
UGANDA AS SURPRISINGLY OBJECTIVE. FIRMS ARE BEING
ASKED TO TAKE A POSITION ON THESE VALUATIONS WITHIN 30
DAYS. BRITISH DELEGATION WAS ABLE, HOWEVER, TO PUT
THROUGH ARRANGEMENT WHEREBY THIS 30-DAY PERIOD WOULD NOT
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BEGIN UNTIL CERTAIN PROCEDURAL QUESTIONS HAD BEEN CLARI-

FIED, ESPECIALLY REGARDING THE FUNCTIONS OF A SPECIAL COMMERCIAL COURT WHICH WOULD MAKE THE FINAL DECISIONS. ONLY AFTER ESTABLISHING THE OVERALL AMOUNT OF COMPENSATIONS WOULD NEGOTIATIONS BEGIN ON PERIODS OF PAYMENT. IN THIS CONNECTION, BRITISH WOULD NOT BE SATISFIED WITH A PERIOD OF 10 TO 15 YEARS.

ACCORDING TO HIGH COMMISSION, BRITISH CONSIDER IT A SUCCESS THAT NEGOTIATIONS HAVE SIMPLY BEGUN, ESPECIALLY SINCE AMIN INITIALLY DEMANDED THAT THE BRITISH PRIME MINISTER HIMSELF COME TO UGANDA FOR THIS PURPOSE. BRITISH FIRMS WOULD PRESUMABLY BE SATISFIED WITH A QUARTER OF THEIR REGISTERED CLAIMS. COMPENSATION FOR EXPROPRIATED PROPERTY OF ASIANS WITH BRITISH NATIONALITY WAS A SIGNIFICANTLY MORE COMPLICATED QUESTION. UGANDAN COMMISSION HAS ALREADY EVALUATED THREE-QUARTERS OF THE ASIAN PROPERTY. HOWEVER, SINCE ASIANS WERE HARDLY IN A POSITION TO PURSUE THEIR CLAIMS IN UGANDA, BRITISH WOULD PREFER A GLOBAL SETTLEMENT AMONGST THE GOVERNMENTS INVOLVED, EXCEPTING THE LARGE HOLDINGS OF THE MADVARI AND MEHTA FAMILIES.

IMPULSE FOR THESE COMPENSATION NEGOTIATIONS OBVIOUSLY COMES FROM AMIN HIMSELF, WHO IS CONCERNED TO REMOVE A SIGNIFICANT OBSTACLE TO THE NORMALIZATION OF UGANDAN-BRITISH RELATIONS.

MIN MAY ALSO BE ANIMATED BY THE DESIRE TO IMPROVE IN A GENERAL WAY THE CLIMATE FOR FOREIGN INVESTMENTS. END TEXT.

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